

Figure 6-2: Building in Good Shape and Land Not Needed for Other Purposes

Reversion Decision	Outcome	Advantages	Disadvantages
No reversion	Existing tenant continues ground lease without making any new investments	<ul style="list-style-type: none"> • Pragmatic approach • Provides incentives for tenants to maintain premises well and make new investments • Encourages stability on the airport • Easy to manage 	<ul style="list-style-type: none"> • May violate Washington State's constitutional prohibition against giving money, credit or property to any private entity • May not meet non-discrimination requirements since it precludes opportunities for new tenants
No reversion	Existing tenant continues ground lease but only if he makes a major investment in existing/new premises	<ul style="list-style-type: none"> • Pragmatic approach • Approach has been used on the airport in the past • Provides incentives for tenants to maintain premises well and make new investments • Encourages stability on the airport • Easy to manage • Provides new asset(s) for the airport 	<ul style="list-style-type: none"> • May be problematic if it precludes opportunities for new tenants • City must develop a rational, equitable approach to determining at what level of investment a new lease is appropriate
Reversion	City leases premises to same tenant (Tenant has right of first refusal)	<ul style="list-style-type: none"> • Least disruptive of reversion options • Works if premises are in reasonably good condition • Gives existing tenant some incentive to maintain the premises • Potentially less burden on airport sponsor with regard to initial repair and maintenance efforts 	<ul style="list-style-type: none"> • Often difficult process to find agreement on lease rate • Will require airport staff time to manage and maintain premises, including time outside regular business hours • Will require business-like, customer-oriented attitude on part of airport staff • At some point, may require extensive capital investment on the part of the airport • No leasehold excise tax revenue